



## **INTENDED USE PLAN**

# **DRINKING WATER STATE REVOLVING FUND SET - ASIDE PROGRAMS FOR STATE FISCAL YEAR 2007 (JULY 1, 2006 to JUNE 30, 2007)**

Approved by the Safe Drinking Water Commission  
July 18, 2006

Missouri Department of Natural Resources  
Water Protection Program  
P.O. Box 176  
Jefferson City, MO 65102-0176



## MEMORANDUM

DATE:

TO: All Interested Persons

FROM: Edward Galbraith, Director  
Water Protection Program

SUBJECT: Approved State Fiscal Year 2006 Intended Use Plan (IUP) for Drinking State Revolving Fund (DWSRF) Set-asides

Each year, the Missouri Department of Natural Resources prepares a plan describing how it intends to use federal and state funds for DWSRF activities. This plan is associated with only the portion of the federal capitalization grant for federal fiscal year 2006 that the department intends to reserve for the authorized drinking water set-aside activities beginning in State Fiscal Year 2007. The state anticipates it will receive a federal capitalization grant of \$15,978,200. Of the total, \$4,154,332 (26 percent) will be reserved for drinking water set-aside activities. The remaining \$11,823,868 (74 percent) will be reserved for DWSRF leveraged loans and disadvantaged community loans for drinking water systems. The plan associated with the remaining portion of the federal capitalization grant for drinking water loans activities is addressed in a separate intended use plan.

If you have any questions regarding this plan, please contact Mr. Stephen Jones, P.E., of my staff at (573) 522-1803 or email [stephen.jones@dnr.mo.gov](mailto:stephen.jones@dnr.mo.gov).

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## TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. GOALS .....	1
A. LONG-TERM GOALS.....	1
B. SHORT-TERM GOALS.....	1
III. ALLOCATION OF DRINKING WATER CAPITALIZATION GRANT.....	2
IV. DRINKING WATER SET-ASIDE ACTIVITIES.....	2
A. DISTRIBUTION OF SET-ASIDE FUNDS.....	2
B. DESCRIPTION OF SET-ASIDE ACTIVITIES.....	3
1. LOAN PROGRAM ADMINISTRATION AND TECHNICAL ASSISTANCE (FOUR PERCENT).....	3
2. SMALL SYSTEMS TECHNICAL ASSISTANCE (TWO PERCENT) .....	3
3. STATE PROGRAM MANAGEMENT (ALSO CALLED PUBLIC WATER SUPPLY SUPERVISION (PWSS) MANAGEMENT) (TEN PERCENT).....	3
4. LOCAL ASSISTANCE AND OTHER STATE PROGRAM (AUTHORIZED BY SECTION 1452(K) OF THE SDWA (TEN PERCENT).....	4

## I. INTRODUCTION

Many public water systems, particularly small water systems have difficulty obtaining affordable financing for infrastructure improvements. Recognizing this fact, Congress established the Drinking Water State Revolving Fund (DWSRF) program as part of the Safe Drinking Water Act Amendments of 1996 (SDWA). Each year Congress appropriates funding for the DWSRF program, which is made available to the state through a capitalization grant. Most of the grant is used to make low interest loans to drinking water systems.

The SDWA allows Missouri the flexibility to set-aside up to 31 percent of the capitalization grant to fund a wide range of activities to help support our public drinking water program. In general, a State can use these funds for implementing the DWSRF loan program, technical assistance, source water protection and capacity development. The purpose of this intended use plan (IUP) is to describe our proposed use of funds to be set aside from the federal fiscal year 2006 capitalization grant.

## II. GOALS

The department will use the available funds under these set-aside programs to achieve the following long and short -term goals.

### A. Long-Term Goals

- Continue to develop and implement activities that support the department's goal of ensuring that all Missouri citizens will have water that is always safe to drink.
- Continue to enhance our efforts to assist public water systems in meeting the compliance and public health objectives of the SDWA.
- Protect public health and prevent waterborne diseases.

### B. Short-Term Goals

To reach our long-term goals, we have set the following short-term goals for these set-asides. The activities supporting these goals are described in this IUP and will be detailed more fully in a workplan submitted to EPA for their approval. Some of the activities to support these goals may be provided through contract services.

- Administer, implement and enforce the public water supply supervision (primacy) program, including monitoring required by the Long-Term 2 Enhanced Surface Water Treatment Rule.
- Review plans and ensure that all new community and nontransient noncommunity public water systems have technical, managerial and financial capacity.
- Assist public water systems in developing and maintaining technical, managerial and financial capacity by revising and implementing the capacity development strategy.
- Provide reports to EPA on capacity development and operator certification as required by the SDWA.

- Continue to administer and implement the drinking water operator certification program by approving training courses, providing examinations, ensuring that regulatory requirements are met, and otherwise meeting requirements for an EPA-approved program.
- Provide technical assistance to public water systems through contracts for engineering services inspections and other on-site visits, and training opportunities.
- Implement the wellhead protection program and, as requested by community water systems, review and approve source water protection plans.
- Coordinate loan activities with enforcement activities.
- Participate in the development and implementation of the 2007 Drinking Water Infrastructure Needs Survey.
- Review DWSRF loan applications, set priorities, and otherwise administer the DWSRF program.

### III. ALLOCATION OF DRINKING WATER CAPITALIZATION GRANT

The department anticipates it will be awarded the FFY 2006 DWSRF capitalization grant by October 30, 2006. The amount of the FFY 2006 grant for Missouri is expected to be \$15,978,200. The department will reserve 74 percent (\$11,823,868) of this grant for DWSRF loan programs. The remaining 26 percent (\$4,154,332) will be reserved in a separate account for authorized set-aside activities as described in this plan.

### IV. DRINKING WATER SET-ASIDE ACTIVITIES

#### A. Distribution of Set-Aside Funds

The department will reserve 26 percent of the FFY 2006 capitalization grant for set-aside activities and will deposit those funds in a separate account for set-aside activities. Table 1 shows the proposed distribution of set-aside funds described in this IUP.

Table 1. Distribution of Set-Aside Funds

Set-Aside Activities	
Administration and Technical Assistance	\$639,128
Small System Technical Assistance	\$319,564
State Program Management	\$1,597,820
Local Assistance and Other State Programs	\$1,597,820
Total	\$4,154,332

The department reserves the right to bank unused set-aside funds from the anticipated federal drinking water capitalization grant for future set-aside expenditures.

## B. Description of Set-Aside Activities

The SDWA establishes four categories of DWSRF set-asides. The SDWA sets limits on the percentages that can be used for each category and what activities can be funded.

### 1. Loan Program Administration and Technical Assistance (four percent)

The department will use this set-aside for the cost of administering the loan program to pay salaries and associated expenses of new and existing program personnel devoting time to the administration of the fund. For the SFY 2007, the department will use \$100,000 for an independent audit of the DWSRF program. Other activities include assistance to applicants and loan recipients, project review and approvals, assistance with the needs survey, project prioritization, loan issuance, payment and accounting activities, tracking repayments and project inspections. In addition, the department will use the set-aside for equipment and training staff. If the department does not use the entire authorized amount (four percent of the grant), it will bank the balance to be used for the same activities in future years.

### 2. Small Systems Technical Assistance (two percent)

The SDWA allows States to use this set-aside to provide technical assistance to public water systems that serve 10,000 or fewer people. The department's focus with this set-aside has been and continues to be on very small systems that serve a population of 3,300 or less. The department will use this two percent set-aside to provide technical assistance to public water systems that serve a population of 3,300 or less. This may include, for example, locating and obtaining funding for infrastructure improvements, complying with existing and near-term SDWA requirements, and developing and maintaining technical, managerial and financial capacity. The department may also use this set-aside to provide technical assistance to systems that serve 3,301-10,000 population. If the department does not use the entire authorized amount, it will bank the balance and use it for the eligible small system technical assistance in later years. The department will provide technical assistance using its staff and contract services.

### 3. State Program Management (also called Public Water Supply Supervision (PWSS) Management) (10 percent)

This ten percent set-aside requires a 1:1 match from the state. This is in addition to the state match required to receive the DWSRF capitalization grant (all of which goes into the loan fund). The SDWA allows all match and over-match from the FFY1993 PWSS grant and over-match only for FFY 2002 to be credited toward meeting this state match requirement. By using these matches, Missouri meets this additional state match requirement without providing additional funds.

If the department does not use the entire authorized amount of this set-aside, it will bank the balance and use it for eligible public water supply supervision activities in future years.



The department will use this set-aside for activities authorized by the SDWA. These activities include permitting, enforcement, operator training and certification, emergency preparedness, information management systems, capacity development, source water protection, and consumer reporting. The department will carry out these activities using its own staff and through contract services.

4. Local Assistance and Other State Programs (Authorized by Section 1452(k) of the SDWA) (ten percent)

The SDWA allows states to use up to 15 percent of the capitalization grant for a variety of activities.

The activities currently authorized by federal law are:

- (1) Loans to community water systems and nonprofit noncommunity water systems to acquire land or conservation easements;
- (2) Loans to community water systems to implement local, voluntary source water protection measures in delineated source water protection areas or for development and implementation of partnership recommendations such as source water quality assessment, contingency plans and demonstration projects;
- (3) Assistance, including technical and financial assistance, to any public water system as part of a capacity development strategy, also called Technical, Managerial and Financial (TMF) capacity;
- (4) Expenditures to establish and implement wellhead protection programs under the state's approved wellhead protection program.

No more than ten percent of the set-aside can be used for any one of these activities.

The department intends to set aside ten percent of the capitalization grant for local assistance and other state programs.

Source Water Protection Loans

None of the FFY 2006 Capitalization Grant will be set aside for source water protection loans. However, the department reserves the ability to amend the IUP for such purposes in the future if needed.

TMF Capacity and Wellhead Protection

The department will set aside ten percent for TMF capacity and wellhead protection activities.

Effective implementation of the TMF strategy is increasingly becoming a focus of the U.S. EPA and is also an important element in public health protection. The department will use this set-aside to provide training and assistance to enhance public water system technical, managerial and financial capacity and security through, for example, sanitary surveys, vulnerability assessments, education and outreach materials, system evaluations, and other activities as appropriate to implement the TMF strategy.

The wellhead protection program is a pollution prevention and management program used to protect underground based sources of drinking water. The program must include delineation, contaminant source inventory, source management, susceptibility determination, public availability of results and contingency planning. Missouri's wellhead protection program was approved in 1995.

The department will enhance wellhead protection through various activities with this set-aside. The department intends to:

- expand the geographic information system database for subsurface modeling of geologic units for more refined susceptibility and sensitivity assessments of chemical and microbiological contamination
- develop models of well spacing and firm yield during extreme climatic conditions for use by water system owners and consultants
- assemble information from well drilling cuttings and pump tests, determining well casing integrity and the efficacy of grouting methods for protecting groundwater and extending well life
- provide outreach, training, and assistance on wellhead protection to water system owners, consultants, landowners and other stakeholders in wellhead protection areas
- update contaminant site inventories, include new public wells, incorporate expanded access and include new or emerging contaminants
- develop the biennial report on the wellhead protection program
- explore possible development of a program to plug abandoned drinking water wells